

Filing

HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
(Registered number 2305636)

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 1995

PANNELL KERR FORSTER
Chartered Accountants



HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
ANNUAL REPORT
YEAR ENDED 31 DECEMBER 1995

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HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the company for the year ended 31 December 1995, which show the state of the company's affairs.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was to hold for commercial letting, long leasehold property in Central London.

REVIEW OF THE BUSINESS

In January 1995 a group reorganisation took place involving a series of transactions which realised a profit of £18 million for the company on the acquisition and subsequent sale of a subsidiary to another group company. The company also acquired a non-trading subsidiary, and an investment property valued at £31.5 million.

The company anticipates letting the vacant floor space at 20 St James's Street during 1996.

RESULTS

The profit for the year after taxation amounted to £21,040,721 (1994 : £153,113) which is transferred to reserves. No dividend is recommended.

FIXED ASSETS

Details of movements in tangible fixed assets are given in note 8 to the financial statements.

DIRECTORS

The following directors served during the year:

Mr L Oberg
Mr O Agri
Mr D Brostrom
Mr J Svedin (appointed 29 August 1995)

The directors at 31 December 1995 had no interests during the year which required to be recorded in the register maintained by the company under Section 325 of the Companies Act 1985.

AUDITORS

A resolution to reappoint the auditors, Pannell Kerr Forster, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD


J SVEDIN
Director

HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)**

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the company is entitled for the year ended 31 December 1995 to the exemption conferred by section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

Pannell Kerr Forster

PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

London

8 March 1996

HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
Rents receivable		3,666,047	906,061
Other operating income		597,364	304,613
		<hr/>	<hr/>
		4,263,411	1,210,674
Operating costs		(1,831,549)	(459,625)
Administrative expenses		(570,344)	(381,239)
		<hr/>	<hr/>
Operating profit	2	1,861,518	369,810
Revaluation of investment property		2,000,000	(44,166)
Profit on sale of subsidiary	9	18,104,612	-
Interest receivable	5	47,611	13,325
Interest payable and similar charges	6	(973,020)	(185,856)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		21,040,721	153,113
Taxation	7	-	-
		<hr/>	<hr/>
Retained profit for the year	13	21,040,721	153,113
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the profit for the periods shown above.

HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
BALANCE SHEET
31 DECEMBER 1995

	<u>Notes</u>	<u>£</u>	<u>1995</u>	<u>£</u>	<u>1994</u>	<u>£</u>
FIXED ASSETS						
Tangible assets	8		52,537,942		19,021,573	
Investments	9		18,104,614		-	
			<hr/>		<hr/>	
			70,642,556		19,021,573	
CURRENT ASSETS						
Debtors	10	488,265		812,498		
Cash at bank and in hand		814,699		28,888		
		<hr/>		<hr/>		
		1,302,964		841,386		
CREDITORS						
Amounts falling due within one year	11	1,462,972		470,092		
		<hr/>		<hr/>		
NET CURRENT (LIABILITIES)/ASSETS			(160,008)		371,294	
			<hr/>		<hr/>	
TOTAL ASSETS LESS CURRENT LIABILITIES			70,482,548		19,392,867	
CREDITORS						
Amounts falling due after more than one year	11		33,100,960		3,052,000	
			<hr/>		<hr/>	
			37,381,588		16,340,867	
			<hr/>		<hr/>	
CAPITAL AND RESERVES						
Called up share capital	12		40,000,000		40,000,000	
Profit and loss account	13		(2,618,412)		(23,659,133)	
			<hr/>		<hr/>	
SHAREHOLDERS' FUNDS	14		37,381,588		16,340,867	
			<hr/>		<hr/>	

Approved by the board on 7 March 1996

J SVEDIN

Director

HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	<u>£</u>	<u>1995</u>	<u>£</u>	<u>1994</u>	<u>£</u>
Net cash inflow/(outflow) from operating activities	A		3,553,499		(91,440)	
Returns on investments and servicing of finance						
Interest received		47,611		13,325		
Interest paid		(1,084,741)		(94,568)		
Net cash outflow from returns on investments and servicing of finance			(1,037,130)		(81,243)	
Investing activities						
Purchase of tangible fixed assets			(31,524,545)		(44,629)	
Net cash outflow before financing			(29,008,176)		(217,312)	
Financing						
New loans from group undertakings		31,525,750		-		
Loan repayments		(1,728,017)		-		
Capital repayments on finance leases		(3,746)		-		
Net cash inflow from financing	B		29,793,987		-	
Increase/(decrease) in cash and cash equivalents	C		785,811		(217,312)	

HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
NOTES TO THE CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 1995

A	RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES	1995	1994
		£	£
	Operating profit	1,861,518	369,810
	Depreciation	29,269	41,597
	Increase/(decrease) in creditors	1,338,479	(44,139)
	Decrease/(increase) in debtors	324,233	(458,708)
		<u>3,553,499</u>	<u>(91,440)</u>
B	ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR		
	Loans and finance leases		
	Balance at 1 January 1995	3,052,000	3,052,000
	New loans from group undertakings	31,525,750	-
	Loan repayments	(1,728,017)	-
	Finance lease creditor transferred on acquisition of fixed assets	21,093	-
	Capital repayments on finance leases	(3,726)	-
		<u>32,867,080</u>	<u>3,052,000</u>
	At 31 December 1995		
C	ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS		
		£	£
	Cash at bank and in hand:		
	Balance at 1 January 1995	28,888	246,200
	Net cash inflow/(outflow)	785,811	(217,312)
		<u>814,699</u>	<u>28,888</u>
	Balance at 31 December 1995		

HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, and in accordance with applicable accounting standards.

(b) Consolidated financial statements

The group qualifies as 'medium' within the definition of section 249 of the Companies Act 1985. Accordingly, by virtue of section 248 of the Companies Act 1985, consolidated financial statements are not presented. The company's auditors, Pannell Kerr Forster, have confirmed to the directors that the company is entitled to rely on the exemption granted by section 248.

Investments in subsidiaries are stated at cost.

(c) Turnover

Rents receivable represent amount due from tenants, excluding VAT. All rents are generated from within the United Kingdom.

(d) Investment property

All costs associated with the acquisition and development of investment property, net of incidental receipts and including interest payable on loans taken out to finance the project, are capitalised. Capitalisation of interest and expenses continues until the property is 60% let or until 18 months have elapsed from the date of practical completion, whichever is earlier.

In accordance with Statement of Standard Accounting Practice No. 19 (SSAP 19), investment property is stated in the balance sheet at open market value. Revaluation surpluses and deficits are taken to a revaluation reserve except to the extent that they represent reversals of deficits previously recognised through the profit and loss account. Where no revaluation reserve exists, deficits are charged to the profit and loss account.

Also in accordance with SSAP 19 no depreciation is provided in respect of investment property. This is a departure from the requirement of the Companies Act 1985 which requires all assets having a limited useful economic life to be depreciated. The directors consider this treatment necessary in order to show a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which would otherwise have been shown cannot be separately quantified.

(e) Other tangible fixed assets

Other tangible fixed assets are depreciated by equal annual instalments over their estimated useful lives as follows:

Fixtures, fittings and equipment	-	25%
Motor vehicles	-	25% or the term of the lease

(f) Deferred taxation

Provision is made for deferred tax, using the liability method, to the extent that it is probable that a liability will crystallise in the foreseeable future.

(g) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated to sterling at the rate prevailing at the balance sheet date. Transactions in foreign currencies are converted at the rate prevailing at the date of the transaction. All exchange gains and losses are taken to the profit and loss account.

HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995

1 ACCOUNTING POLICIES (Continued)

(h) Finance and operating leases

Assets acquired under finance leases are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Leasing charges in respect of operating leases are recognised in the profit and loss account over the lives of the lease agreement as incurred.

2 OPERATING PROFIT	<u>1995</u>	<u>1994</u>
	£	£
The operating profit is stated after charging:		
Auditors' remuneration - for audit services	10,500	6,000
- for other services	29,567	16,540
Depreciation	29,269	41,597
Directors' emoluments (note 3)	119,131	-
Profit on sale of subsidiary (note 9)	18,014,612	-
Operating lease rentals in respect of:		
Motor vehicles	6,610	-
Land and buildings	40,000	-
	<u> </u>	<u> </u>
3 DIRECTORS' EMOLUMENTS		
Management remuneration	119,131	-
	<u> </u>	<u> </u>
Directors' emoluments, excluding pension costs, include:		
Chairman	-	-
Highest paid director	99,000	-
	<u> </u>	<u> </u>
	<u>Number</u>	<u>Number</u>
The emoluments of the other directors fell within the following ranges:		
£ Nil - £ 5,000	1	1
£5,000 - £10,000	1	-
	<u> </u>	<u> </u>

HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995

4	STAFF COSTS AND NUMBERS	<u>1995</u> £	<u>1994</u> £
	Staff costs, including directors were:		
	Wages and salaries	198,887	-
	Social security costs	20,179	-
	Pension contributions	17,256	-
		<hr/>	<hr/>
		236,322	-
		<hr/>	<hr/>
		<u>Number</u>	<u>Number</u>
	Average weekly number of persons employed during the year (excluding directors):		
	Administration	3	-
		<hr/>	<hr/>
5	INTEREST RECEIVABLE	<u>1995</u> £	<u>1994</u> £
	Group interest	5,756	-
	Bank interest	40,987	12,377
	Other interest receivable	868	948
		<hr/>	<hr/>
		47,611	13,325
		<hr/>	<hr/>
6	INTEREST PAYABLE AND SIMILAR CHARGES		
	Group interest	969,331	185,826
	Bank interest	228	30
	Finance charges	3,461	-
		<hr/>	<hr/>
		973,020	185,856
		<hr/>	<hr/>

7 TAXATION

No taxation charge arises on the profit for the year due to the availability of tax losses. The company has estimated unutilised tax losses of £9,620,000 available for offset against future profits.

HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995

8 TANGIBLE FIXED ASSETS

	<u>Long leasehold investment properties</u>	<u>Fixtures, fittings and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	
Cost or valuation				
At 1 January 1995	19,000,000	166,506	-	19,166,506
Additions	31,500,000	21,074	24,564	31,545,638
Revaluation	2,000,000	-	-	2,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	52,500,000	187,580	24,564	52,712,144
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 1995	-	144,933	-	144,933
Charge for the year	-	23,921	5,348	29,269
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	-	168,854	5,348	174,202
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amounts				
At 31 December 1995	52,500,000	18,726	19,216	52,537,942
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	19,000,000	21,573	-	19,021,573
	<hr/>	<hr/>	<hr/>	<hr/>

Properties have been revalued by the directors to open market value at 31 December 1995.

The historical cost of the properties was £75,288,078 (1994 - £43,788,078).

All motor vehicles are held under finance leases.

9 INVESTMENTS

	<u>Investments in subsidiaries</u>	<u>Loans</u>	<u>Total</u>
	£	£	£
At 1 January 1995	-	-	-
Additions in year	3	18,104,612	18,104,615
Disposals	(1)	-	(1)
	<hr/>	<hr/>	<hr/>
At 31 December 1995	2	18,104,612	18,104,614
	<hr/>	<hr/>	<hr/>

At 31 December 1995 the company owned directly, or indirectly, the entire share capital of the following dormant companies, all of which are registered in England and Wales.

	<u>Proportion and class of shares held</u>	<u>Reserves at 31 December 1995</u>	<u>Loss for the period ended 31 December 1995</u>
		£	£
Brooksav Limited	100% of ordinary shares	-	-
Hufvudstaden Limited	100% of ordinary shares	18,104,612	(109,979)
		<hr/>	<hr/>

HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995

9 INVESTMENTS (Continued)

Brooksav Limited owns the shares in Hufvudstaden Limited. On 4 January 1995 Hufvudstaden (UK) Limited acquired the shares in Hufvudstaden Limited at a nominal value from a fellow group undertaking. It subsequently sold the shares to Brooksav Limited at book value, realising a profit of £18,104,612.

10 DEBTORS	<u>1995</u> £	<u>1994</u> £
Amounts falling due within one year:		
Trade debtors	117,130	-
Amounts owed by group undertakings	-	674,564
Other debtors	351,706	100,933
Prepayments and accrued income	19,429	37,001
	<hr/> 488,265 <hr/>	<hr/> 812,498 <hr/>
 11 CREDITORS		
Amounts falling due within one year:		
Other tax and social security	85,764	-
Accruals and deferred income	1,370,088	466,489
Finance leases	7,120	-
Other creditors	-	3,603
	<hr/> 1,462,972 <hr/>	<hr/> 470,092 <hr/>
Amounts falling due after more than one year:		
Loan from parent undertakings	14,771,000	1,671,000
Loan from subsidiary undertaking	18,078,733	1,381,000
Finance leases	10,227	-
Other creditors	241,000	-
	<hr/> 33,100,960 <hr/>	<hr/> 3,052,000 <hr/>

Loans from parent undertakings bear interest at normal commercial rates and are repayable by agreement after 31 December 1996. The loan from the subsidiary undertaking is interest free and also repayable by agreement after 31 December 1996.

12 CALLED UP SHARE CAPITAL	<u>1995</u>	<u>1994</u>
Authorised		
45,000,000 ordinary shares of £1 each	45,000,000	45,000,000
	<hr/>	<hr/>
Allotted, issued and fully paid		
40,000,000 ordinary shares of £1 each	40,000,000	40,000,000
	<hr/>	<hr/>

There has been no movement in the share capital during the year.

HUFVUDSTADEN (UK) LIMITED
(formerly Hufvudstaden (Regent) Limited)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1995

13 PROFIT AND LOSS ACCOUNT

	£
At 1 January 1995	(23,659,133)
Retained profit for the year	21,040,721
	<hr/>
At 31 December 1995	(2,618,412)
	<hr/>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u> £	<u>1994</u> £
Profit for the financial year	21,040,721	153,113
Balance at 1 January 1995	16,340,867	16,187,754
	<hr/>	<hr/>
Balance at 31 December 1995	37,381,588	16,340,867
	<hr/>	<hr/>

15 DEFERRED TAXATION

If the long leasehold property was to be sold at its balance sheet value, no deferred taxation liability would arise.

16 LEASE COMMITMENTS

	<u>1995</u> £	<u>1994</u> £
Annual commitments in respect of operating leases on land and buildings expiring:		
Within one year	10,000	-
	<hr/>	<hr/>
Between two and five years	6,610	-
	<hr/>	<hr/>

17 ULTIMATE PARENT COMPANY AND PARENT GROUPS

AB Custos, incorporated in Sweden, is regarded by the directors as the ultimate parent company and is the parent undertaking of the largest group for which group accounts are prepared.

The parent undertaking of the smallest group for which group accounts are prepared is Hufvudstaden International AB, incorporated in Sweden.

Group accounts of AB Custos and Hufvudstaden International AB are available to the public from Patent-och Registreringsverket, Bolagsavdelningen, 851-81 Sundsvall, Sweden.